

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Mesa-Crest Water Company (U333W) with Respect to a Series of Financial Transactions, and Possible Threats to the Health and Safety of its Ratepayers.

Investigation 15-06-018
(Filed June 25, 2015)

ORDER EXTENDING STATUTORY DEADLINE**Summary**

This decision extends the statutory deadline in this proceeding to September 1, 2018.

1. Background

Public Utilities Code Section 1701.2(i) provides that adjudicatory cases shall be resolved within 12 months of the date that they are initiated unless the California Public Utilities Commission makes findings as to why that deadline cannot be met and issues an order extending that deadline. This matter has been categorized as adjudicatory, and the deadline for resolving this proceeding was June 24, 2016. The Commission has extended the statutory deadline of this proceeding and the most recent Decision (D.) 17-03-013 extended the statutory deadline to August 22, 2017.

On June 25, 2015, the Commission instituted this investigation to determine whether Mesa-Crest Water Company, F. Patrick Flynn, and Timothy

Flynn (Respondents), violated any provisions of the California Public Utilities Code, Commission General Orders, Decisions, or Rules of Practice and Procedure, or other applicable laws or requirements, regarding a series of financial transactions between the Respondents, and their alleged failure to ensure the safety and reliability of their supply of water to ratepayers.

A Prehearing Conference was held on September 2, 2015. On September 9, 2015, the assigned Commissioner issued a Scoping Memo and Ruling amending the preliminary Scoping Memo provided in the investigation and adding seven additional issues in order to clarify the preliminary scope of the investigation.

On September 22, 2015, Respondents filed a motion for a Commission order to hold the proceeding in abeyance and to require the Safety and Enforcement Division to participate in Alternative Dispute Resolution (ADR).¹ On October 7, 2015, the assigned Administrative Law Judge (ALJ) denied the motion to hold the proceeding in abeyance or to refer the matter to ADR.

On November 20, 2015, the proceeding was reassigned from ALJ Seaneen M. Wilson to ALJ W. Anthony Colbert. On January 19, 2017, the Commission issued D.17-01-011 which adopted the All-Party Settlement Agreement, dated August 5, 2016, between the Commission's CPED and Respondents. The adoption of this Settlement resolves all issues presented in this investigation. Ordering Paragraph 2(b) of D.17-01-011 provided for the

¹ Generally, participation in ADR is voluntary. According to the September 22, 2015 motion, Respondents presented a written proposal for settlement of all issues but the Safety Enforcement Division, now Consumer Protection and Enforcement Division (CPED), declined to explore ADR alternatives.

execution of an Asset Purchase Agreement (APA) with a known buyer and the filing of an application for approval of the APA by February 15, 2017, unless that date is extended for good cause by the parties and the Commission. The Commission's CPED and the Respondents have all agreed that there is a good cause for the extension of the February 15, 2017 filing deadline to a date 90 days from the date of the issuance of D.17-01-011, or April 21, 2017.

On April 21, 2017 Mesa Crest Water Company (Mesa-Crest) and Liberty Utilities filed Application (A.) 17-04-024 seeking an order from the Commission authorizing Mesa-Crest to sell and Park Water to purchase the public utility assets of Mesa-Crest. It is anticipated that A.17-04-024 will be resolved in August 2018.

Therefore, an extension of the statutory deadline to September 1, 2018 is necessary to ensure the terms of the Settlement Agreement are implemented.

2. Waiver of Comment Period

Under Rule 14.6(c)(4) of the Commission's Rules of Practice and Procedure, the Commission may reduce or waive the period for public review and comment on proposed decisions extending the deadline for resolving adjudicatory proceedings. Accordingly, pursuant to this rule, the otherwise applicable period for public review and comment is waived.

3. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and W. Anthony Colbert is the assigned ALJ in this proceeding.

Findings of Fact

1. The deadline for resolving this investigation is August 22, 2017.
2. On September 22, 2015, Respondents filed a motion for a Commission order to hold the proceeding in abeyance and to refer the matter to ADR.

3. On October 7, 2015, the assigned ALJ denied the motion to hold the proceeding in abeyance or to refer the matter to ADR.

4. On January 19, 2017, the Commission issued D.17-01-011. Ordering Paragraph 2(b) of D.17-01-011 provided for the execution of an APA with a known buyer and the filing of an application for approval of the APA by February 15, 2017, unless that date is extended for good cause by the parties and the Commission.

5. On April 21, 2017, Mesa-Crest and Liberty Utilities filed A.17-04-024 seeking an order from the Commission authorizing Mesa-Crest to sell and Park Water to purchase the public utility assets of Mesa-Crest. It is anticipated that A.17-04-024 will be resolved in August 2018.

Conclusions of Law

1. Pursuant to the authority granted to the Commission under Pub. Util. Code § 1701.2(i), the statutory deadline for resolving this proceeding should be extended until September 1, 2018.

2. This matter should be effective immediately.

IT IS ORDERED that the time for completion of this proceeding is extended until September 1, 2018.

This order is effective today.

Dated _____, at San Francisco, California.